



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
FORMER CARLISLE COUNTY SHERIFF**

**Calendar Year 1998**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable John Roberts, County Judge/Executive

Honorable Steve McChristian, Carlisle County Sheriff

Honorable Will Ben Martin, Former Carlisle County Sheriff

Members of the Carlisle County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the former Sheriff of Carlisle County, Kentucky, for the year ended December 31, 1998. This financial statement is the responsibility of the former Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the former Sheriff is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former Sheriff for the year ended December 31, 1998, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable John Roberts, County Judge/Executive  
Honorable Steve McChristian, Carlisle County Sheriff  
Honorable Will Ben Martin, Former Carlisle County Sheriff  
Members of the Carlisle County Fiscal Court

Based on the results of our audit, we have presented Comments and Recommendations, included herein, which discusses the following areas of noncompliance:

- The Former Sheriff Should Have Maintained Time Records
- The Former Sheriff Should Have Maintained Records For The Drug Fund

In accordance with Government Auditing Standards, we have also issued a report dated April 6, 1999, on our consideration of the former Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
April 6, 1999

CARLISLE COUNTY  
WILL BEN MARTIN, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1998

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Receipts

Federal Grants	\$	20,868
State Fees For Services:		
Finance and Administration Cabinet		3,392
Circuit Court Clerk:		
Sheriff Security Service	\$	3,935
Fines/Fees Collected	<u>1,840</u>	5,775
Fiscal Court		8,300
County Clerk - Delinquent Taxes		225
Commission On Taxes Collected		38,427
Fees Collected For Services:		
Auto Inspections	\$	2,072
Accident /Police Reports		38
Serving Papers		1,550
Advertising Fees		194
Western Area Narcotics Team Grant (Note 4)		4,400
Carrying Concealed Deadly Weapon Permits	<u>1,035</u>	9,289
Other:		
Miscellaneous		650
Interest Earned		636
Borrowed Money:		
State Advancement		<u>16,000</u>
Gross Receipts (Carried Forward)	\$	<u>103,562</u>

CARLISLE COUNTY  
WILL BEN MARTIN, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
Calendar Year 1998  
(Continued)

Gross Receipts (Brought Forward)		\$	<u>103,562</u>
<u>Disbursements</u>			
Operating Disbursements:			
Personnel Services-			
Deputies' Gross Salaries	\$	9,756	
Part-Time Gross Salaries		188	
Western Area Narcotics Team - Deputy Salary (Note 4)		<u>20,536</u>	\$ 30,480
Materials and Supplies-			
Office Materials and Supplies	\$	1,925	
Equipment		<u>212</u>	2,137
Auto Expense-			
Mileage			13,498
Other Charges-			
Conventions and Travel	\$	1,556	
Postage		94	
Carrying Concealed Deadly			
Weapon Permits		395	
Miscellaneous		<u>108</u>	2,153
Debt Service:			
State Advancement Repaid			<u>16,000</u>
Total Disbursements		\$	<u>64,268</u>
Net Receipts		\$	39,294
Less: Statutory Maximum			<u>48,726</u>
Excess Fees Due County for Calendar Year 1998		\$	<u><u>0</u></u>

The accompanying notes are an integral part of the financial statement.



CARLISLE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the former Sheriff to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent

CARLISLE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 1998  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The former Sheriff maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The Former Sheriff met the requirements stated above, and as of December 31, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

Note 4. Loan Payable

The former Sheriff was awarded a Western Area Narcotics Team grant from the City of Paducah to pay for deputy's salaries. The former Sheriff requested reimbursements quarterly. In order to pay deputy's salary, the Sheriff transferred \$4,400 to the fee account from the Drug Fund. The salary was paid and reimbursement was requested. When the reimbursement of \$4,400 is received from the City of Paducah, it should be deposited into the current Sheriff's Drug Fund.

Note 5 Drug Fund

The former Sheriff established a Drug Fund on January 16, 1990 with a contribution from the Carlisle County Fiscal Court. At January 1, 1998, the balance was \$2,173. During calendar year 1998, drug receipts totaled \$5,879, including a reimbursement from the fee account of \$1,500, disbursements totaled \$6,660, including payment of Western Area Narcotics Team deputy salary of \$1,500 and a loan to the fee account of \$4,400. The balance of the Drug Fund at December 31, 1998 was \$5,792, which includes \$4,400 due from the City of Paducah for a grant reimbursement. The former Sheriff has remitted \$1,392 to the current Sheriff. When the grant reimbursement of \$4,400 is received from the City of Paducah, it should be deposited into the current Sheriff's Drug Fund.

## COMMENTS AND RECOMMENDATIONS



CARLISLE COUNTY  
WILL BEN MARTIN, FORMER SHERIFF  
COMMENTS AND RECOMMENDATIONS

Calendar Year 1998

STATE LAWS AND REGULATIONS:

1) The Former Sheriff Should Have Maintained Time Records

During our audit we could not find time sheets for the Sheriff's employees. KRS 337.320 requires the employer to "... keep a record of: a) the amount paid each pay period to each employee, b) the hours worked each day and each week by each employee, and c) such other information as the secretary requires." The time sheet should list the hours worked each day and each week by each employee. These time sheets should also record the employee's vacation, sick, and comp time earned, used and their respective balances. The time sheet should be signed by the employee and the Sheriff. One copy should be maintained by the Sheriff's office and one should accompany the Individual Earnings Record given to the Carlisle County Treasurer. We recommend that the office of the sheriff maintain time sheets for each employee.

*Management's Response:*

*No Response.*

2) The Former Sheriff Should Have Maintained Records For The Drug Fund

The only records made available to us were the Drug Fund checkbook register and one bank statement. We obtained a history of bank transactions from the former Sheriff's bank. From these bank records and the former Sheriff's checkbook register, we reconstructed the calendar year 1998 transactions. No receipt forms were issued for the Drug Fund income. We could not determine the source of some receipts, nor could we verify that all receipts were deposited. We found no supporting documentation for expenditures.

The Drug Fund balance at December 31, 1998 was \$5,792, which consisted of \$1,392 and \$4,400 due from the City of Paducah for reimbursement of grant expenditures. The reimbursement check had not been mailed as of our audit date. When the reimbursement of \$4,400 is received from the City of Paducah, it should be deposited into the current Sheriff's Drug Fund. The former Sheriff has remitted the remaining \$1,392 in his Drug Fund to the current Sheriff.

We recommend that proper records be maintained for the Drug Fund. This includes issuance of a receipt form for all income, a receipts ledger listing receipts by source, prenumbered checks for all disbursements, a disbursements ledger listing all disbursements by category, and a monthly financial statement. The Sheriff's books should be reconciled monthly to bank deposits and withdrawals. All expenditures should be supported by documentation explaining the transaction.

*Management's Response:*

*No Response.*

CARLISLE COUNTY  
WILL BEN MARTIN, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 1998  
(Continued)

PRIOR YEAR:

We reported four comments in the prior year audit report. The following comments were corrected and are not listed in the current year comments and recommendations.

- The Former Sheriff Should Maintain Proper Records and Implement Proper Accounting Procedures
- The Former Sheriff Should Maintain Receipts and Disbursements Ledgers

The following comments have not been corrected and are described on the prior page

- The Former Sheriff Should Have Maintained Time Records
- The Former Sheriff Should Have Maintained Records For The Drug Fund

*Management's Response:*

*No Response.*

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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## Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable John Roberts, County Judge/Executive  
Honorable Steve McChristian, Carlisle County Sheriff  
Honorable Will Ben Martin, Former Carlisle County Sheriff  
Members of the Carlisle County Fiscal Court

### Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the former Carlisle County Sheriff as of December 31, 1998, and have issued our report thereon dated April 6, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the former Carlisle County Sheriff's financial statement as of December 31, 1998, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards, are described in the accompanying Comments and Recommendations, included herein.

- The Former Sheriff Should Have Maintained Time Records
- The Former Sheriff Should Have Maintained Records For The Drug Fund

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Carlisle County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying Comments and Recommendations included herein.

- The Former Sheriff Should Have Maintained Time Records
- The Former Sheriff Should Have Maintained Records For The Drug Fund

Honorable John Roberts, County Judge/Executive  
Honorable Steve McChristian, Carlisle County Sheriff  
Honorable Will Ben Martin, Former Carlisle County Sheriff  
Members of the Carlisle County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be material weaknesses.

- The Former Sheriff Should Have Maintained Time Records
- The Former Sheriff Should Have Maintained Records For The Drug Fund

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
April 6, 1999

